

Joint Legislative Audit and Review Commission

Impact of an Aging Population on State Agency Services

Joint Commission on Health Care

October 17, 2007



JLARC

1

Scope and Content of the Study

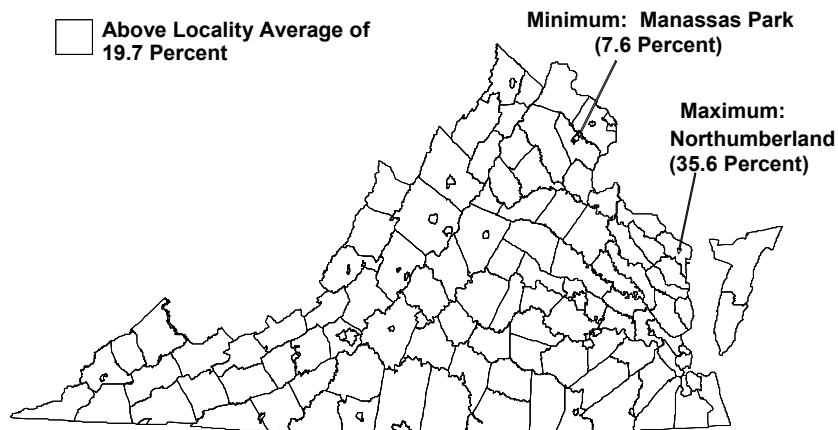
- The impact that an aging population will have upon State agencies in future years will ultimately be determined by State policymakers
- In most cases, increases in service provision are not inevitable, but instead rest upon policy choices
 - What is the role of the State in ensuring a minimum safety net?
 - What minimum quality of life for older Virginians is considered to be desirable, necessary, or affordable?
- Certain factors may affect extent of demand
 - Disability rates, availability of federal funds or caregivers, ability of retirees to pay for long-term care and other costs



JLARC

2

Older Persons as Percentage of Population (2004)



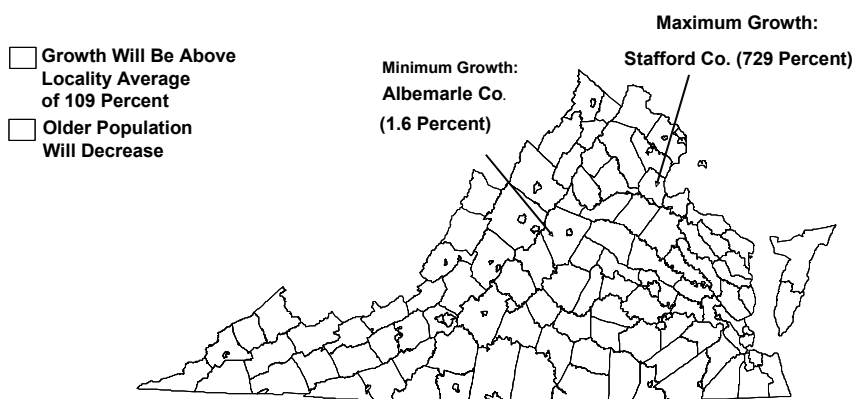
Source: JLARC staff analysis of U.S. Census Bureau Annual Estimates of the Population for Counties of Virginia.



JLARC

3

Projected Growth of Older Population, 2000 – 2030



Source: JLARC staff analysis of data compiled by VDA from Final Population Projections prepared by VEC.



JLARC

4

Future Trends In Overall Disability Rates Are Not Well Understood

- Nationally, disability rates among older Americans have been decreasing for many years
- Published studies disagree about future trends of overall disability rates
- Certain factors, particularly those reported among baby boomers, may increase future disability rates
 - Number of Virginians with Alzheimer’s Disease is expected to increase, which may impact spending
 - Obesity is reported to persist into later life and increase health care costs. More baby boomers are obese than today’s older Virginians

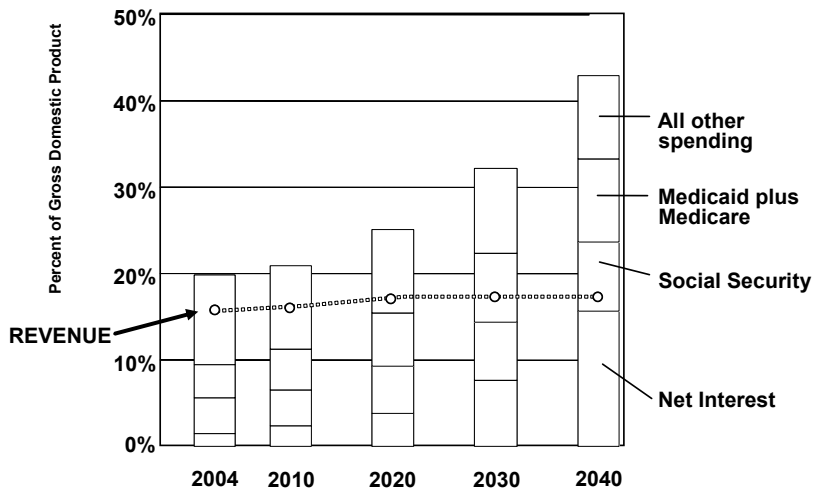


Trends Suggest Some Retirees May Not Be Able To Pay for Health Care

- Trends that may affect ability of persons to pay for health care and other services include:
 - Decreasing availability of private-sector pensions and retiree health care benefits
 - Some baby boomers may have less income in retirement than today’s retirees
- If these trends continue, State and local agencies may face increased service demands
 - However, projected decreases in poverty rates suggest that eligibility rates for Medicaid may decrease



Federal Spending After 2015 Is Described as “Unsustainable”



Source: Government Accountability Office (GAO)
JLARC

7

Future Availability of Caregivers Could Affect Extent of Impact on Agencies

- Informal, unpaid caregivers provide most of the care to older persons, and may mitigate need for publicly funded services
- Future availability may be affected by trends in workforce participation and family structure
- State support could increase future caregiver availability, but there is unmet demand for current State-supported services
 - State funding for Caregivers Grant has been inconsistent
 - Statewide capacity for adult day care centers is 2,406



JLARC

8

Adult Day Care Is Not Available Statewide



Source: JLARC staff analysis of DSS data on licensed adult day care facilities as of June 2004

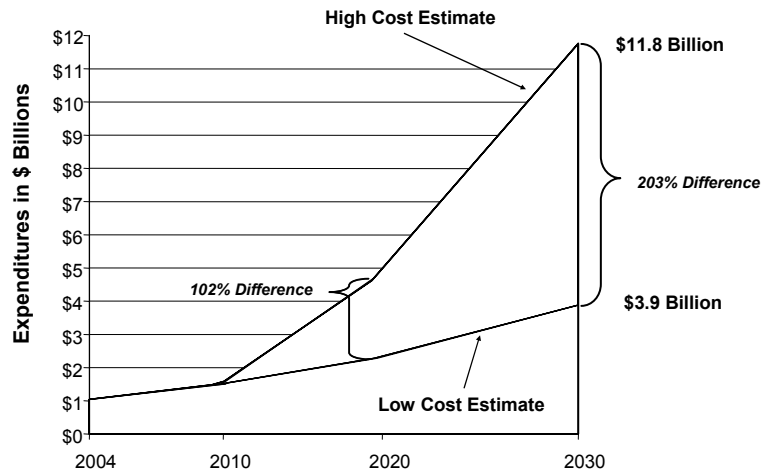


Projections Indicate Shortage of Nurses and Other Health Care Workers

- Virginia studies indicate aging population will contribute to projected shortage of nurses
 - PriceWaterhouseCoopers reports current shortage of 2,763 health care workers in northern Virginia
 - State Council of Higher Education for Virginia reports shortage of 22,600 registered nurses in Virginia by 2020
- Schools report inability to train all qualified applicants
 - Difficulty recruiting and retaining nursing faculty
 - Limited number of clinical sites
 - Inadequate student aid



Medicaid Costs Are Projected To Increase



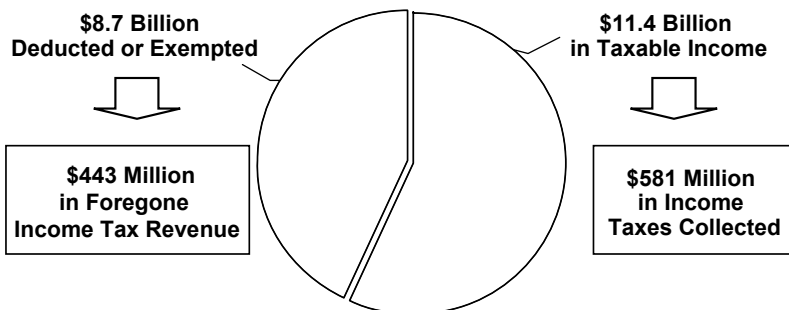
Source: Department of Medical Assistance Services (DMAS)



JLARC

11

Older Taxpayers May Affect Annual Income Tax Revenues (Age 65 and Older)



- In addition to impact on income tax collections, sales and use taxes may also be impacted because spending decreases with age

Source: Virginia Department of Taxation, Tax Year 2002



JLARC

12

Local Agency Staff Report Shortages of Medicaid-Funded Nursing Home Beds

- Seventy-nine percent of Medicaid nursing home expenditures are for persons age 65 and older
- Projections indicate total Medicaid nursing home expenditures will increase
- Local agency staff report shortages, although 91 percent of nursing home beds are Medicaid certified
- Certain factors may impede access
 - Nursing homes are reportedly unwilling to accept clients with behavioral problems or complex needs
 - Nursing homes reportedly prefer higher-paying clients



Shortage of Auxiliary Grant Beds in Assisted Living Is Reported

- Assisted living facilities provide care to people who need residential care but who do not qualify for nursing home admission
- Assisted living facilities that accept the auxiliary grant agree to charge no more than the auxiliary grant rate
 - About 44 percent of auxiliary grant recipients are age 65 and older, and expenditures in FY 2004 were about \$8 million
- Some areas lack auxiliary grant beds
 - This is reported to impact certain localities due to increased demand for other local agency services



Mental Health, Mental Retardation, and Substance Abuse Services

- Community services boards (CSB) report that their reliance on Medicaid results in restrictions on who is served
- Nursing homes report that Medicaid rate limits hiring of staff needed for residents with behavioral problems
- State mental health hospitals, and mental retardation training centers, affected by a lack of private & community-based services
- Lack of community providers of MH, MR, and SA services with geriatric training



Mental Health, Mental Retardation, and Substance Abuse Services (continued)

- Mental health (MH): Persons with behavioral problems due to dementia are typically not eligible to receive publicly funded MH services. Other public services are not designed to meet their needs
- Mental retardation (MR): The lifespan of persons with MR is increasing. Lack of appropriate supportive services in the community may result in institutionalization
- Substance abuse (SA): Medicaid just began to pay for some SA services, but the number of older Virginians who need SA services may increase



Mental Health, Mental Retardation, and Substance Abuse Services (continued)

- Medicaid projections do not account for likely impact of increasing life expectancy among persons with MR, or the aging of their informal caregivers
- Extent of existing unmet need for MH, MR, and SA services may be greater for today's older Virginians because of self-reliance and stigma
 - Baby boomers may be more willing to demand services



Increasing Demand for Home and Community-Based Services May Further Strain "Patchwork" System

- Funding constraints are reported to limit the amount of services provided to recipients
- Extent of education and outreach efforts are limited
 - Local agency staff report not wanting to increase demand for services they cannot provide
- Data indicate services are not provided to some eligible older Virginians
 - 90 of the 120 local DSS agencies report unmet demand. Waiting lists for companion care exceed ten months in 18 localities, and exceed 12 months in another 36 localities
 - Local DSS and AAA staff also report rationing services by providing lesser amounts than seniors require



Availability of Case Management May Need to Increase

- Local pre-admission screening (PAS) teams report many persons seek Medicaid long-term care services after a crisis
 - PAS teams are not required to assist persons find a Medicaid provider
 - Some local PAS teams provide non-mandated case management
- Some AAAs also provide case management or “care coordination”
- If demand for home and community-based services increases, use of case management or similar programs may need to increase



Services for Vulnerable Older Virginians Are Limited

- Local DSS staff report that funding limitations restrict their ability to provide adult protective services
 - State DSS staff report funding is sufficient for investigations
 - LDSS staff report inability to provide services to address abuse or neglect after an investigation. Waiting lists for other DSS services appear to exacerbate this situation
- Long-Term Care Ombudsman program responds to complaints about quality of long-term care services
 - Current staffing level is below 1:2,000 level established in statute
 - Very few calls are from non-institutional clients, but increasing demand for home and community-based services could increase demand for this service as well



Public Guardianship Programs Are Not Available Statewide

 Localities with Programs



VPGCP serves 213 people, but unmet demand is estimated to be about 2,000



JLARC

21

JLARC Staff for This Report

Bob Rotz, Division Chief

Ashley S. Colvin, Team Leader

Tracey Smith

Ellen Miller

Janice Baab

For More Information

<http://jlarc.state.va.us> (804) 786-1258



JLARC

22